

**WASTE COMMISSION OF
SCOTT COUNTY**

Independent Auditor's Reports
Basic Financial Statements and
Required Supplemental Information
Schedule of Findings

June 30, 2012

WASTE COMMISSION OF SCOTT COUNTY

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GOVERNMENT AUDITING STANDARDS**

SCHEDULE OF FINDINGS

WASTE COMMISSION OF SCOTT COUNTY

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Representing</u> |
|-----------------|-----------------------|---------------------|
| Barney Barnhill | Chairperson | Davenport |
| Bob Gallagher | Member | Bettendorf |
| Bill Gluba | Member | Davenport |
| Marty O'Boyle | Member | Eldridge |
| Olin Meador | Member | Buffalo |
| Tom Sunderbruch | Vice-Chairperson | Scott County |
| | | |
| Kathy Morris | Director | |
| Brian Seals | Operations Manager | |
| Keith Krambeck | Special Waste Manager | |

Randy L. Linn, CPA
David A. Schebler, CPA
Randall B. Sovey, CPA

HUCKFELDT & SMITH

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIABILITY COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Officers and Members
Waste Commission of Scott County
Buffalo, Iowa

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Waste Commission of Scott County as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Waste Commission of Scott County's management. Our responsibility is to express opinions on these financial statements based on our audit.

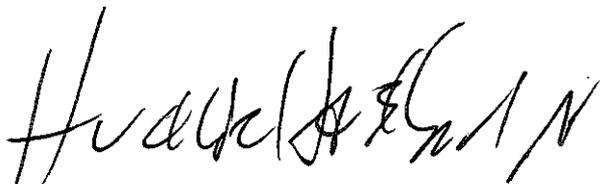
We conducted our audit in accordance with U. S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Waste Commission of Scott County, each major fund and the aggregate remaining fund information as of June 30, 2012, and the results of its operations and its cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2012, on our consideration of Waste Commission of Scott County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Waste Commission of Scott County's basic financial statements. Schedule 1 and Schedule 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

U.S. generally accepted accounting principles require Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted principally of inquiries of management regarding the methods of measurement and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



HUCKFELDT & SMITH, P.L.C.
October 15, 2012

**WASTE COMMISSION OF
SCOTT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Waste Commission of Scott County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

This Discussion and Analysis is intended to serve as an introduction to the basic financial statements.

STATEMENT OF PURPOSE

The Waste Commission of Scott County was formed with the intent of providing environmentally sound and economically feasible solid waste management options for the citizens of Scott County.

The Commission operates:

- Scott Area Landfill
- Scott Area Recycling Center
- Scott Area Household Hazardous Material Processing Center
- Electronic Demanufacturing Facility

All of these Facilities are supported by fees charged the users for materials brought to the Facilities and by sales of recyclable materials.

The goals of the Commission include:

- to operate a cost-effective solid waste facility;
- to operate cost-effective recycling facilities;
- to operate an environmentally sound solid waste facility;
- to comply with federal and state solid waste management regulations for operating a solid waste management facility including compliance with the waste management hierarchy
 - source reduction
 - volume reduction
 - recycling
 - energy recovery
 - state-of-the-art landfilling
- to educate users of the Commission's facilities about proper solid waste management

Additional information can be obtained at our website www.wastecom.com.

WASTE COMMISSION OF SCOTT COUNTY

Management's Discussion and Analysis

June 30, 2012

FINANCIAL HIGHLIGHTS

- The Commission's operating revenues decreased 4.6%, or \$301,925 from fiscal 2011 to fiscal 2012. The Commission's landfill revenue decreased by 5.6%, or \$264,236. Its revenues from the Material Recycling Facility have decreased by 3.5%, or \$41,409, and the fees from the Household Hazardous Material Program have decreased by 2.1%, or \$3,614. Fees from the Electronic Demanufacturing Facility have increased by 1.5% or \$7,334.
- The Commission's expenses were 8.2%, or \$519,157, less in fiscal 2012 than in fiscal 2011.
- The Commission's net assets increased 4.25%, or \$538,941 from June 30, 2011 to June 30, 2012.

USING THIS ANNUAL REPORT

The Waste Commission of Scott County is a 28E Organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Waste Commission of Scott County. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities

The Statement of Net Assets presents information on the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

WASTE COMMISSION OF SCOTT COUNTY

Management's Discussion and Analysis

June 30, 2012

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are proprietary funds.

FINANCIAL ANALYSIS OF THE COMMISSION

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. The Commission's net assets for fiscal 2012 totaled \$13,206,971. This compares to \$12,668,030 for fiscal 2011. A summary of the Commission's net assets is presented below.

| | Net Assets | |
|---|---------------|---------------|
| | June 30 | |
| | 2012 | 2011 |
| Current Assets | \$ 1,645,103 | \$ 2,144,969 |
| Restricted Investments | 3,886,003 | 3,756,626 |
| Non Current Prepaid Expenses | 2,588,007 | 2,666,404 |
| Capital Assets at cost, less accumulated depreciation | 9,933,565 | 9,530,744 |
| Total Assets | 18,052,678 | 18,098,743 |
| Current Liabilities | 916,305 | 1,013,401 |
| Noncurrent Liabilities | 3,929,402 | 4,417,312 |
| Total Liabilities | 4,845,707 | 5,430,713 |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 8,563,565 | 7,601,952 |
| Restricted | 3,886,003 | 3,756,626 |
| Unrestricted | 757,403 | 1,309,452 |
| Total Net Assets | \$ 13,206,971 | \$ 12,668,030 |

A portion of the Commission's net assets (29%) is restricted for closure and post-closure care and for security for the bond issue. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The net assets invested in capital assets e.g., land, buildings and equipment, less the related debt portion of net assets are resources allocated to capital assets, is 65% of net assets. The remaining net assets (6%) are the unrestricted net assets that can be used to meet the Commission's obligations as they come due.

WASTE COMMISSION OF SCOTT COUNTY

Management's Discussion and Analysis

June 30, 2012

Operating revenues are received for gate fees from accepting solid waste, fees charged for the acceptance of recycling materials at the recycling center, sales of sorted recycled materials to material processors, and fee collections from the disposal of household hazardous waste. Operating expenses are expenses paid to operate the various entities of the Commission. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues and significant expenses for the years ended June 30, 2012 and 2011 is presented below:

| Changes in Net Assets | | |
|---|---------------------|-------------------|
| | Year Ended June 30, | |
| | 2012 | 2011 |
| Operating Revenue: | | |
| Landfill Gate Fees | \$ 4,411,260 | \$ 4,678,643 |
| Recycling Fees | 1,489,842 | 1,539,349 |
| Household Hazardous Waste Fees | 115,263 | 123,725 |
| E-Waste Facility Fees | 225,898 | 202,471 |
| Total Operating Revenue | <u>6,242,263</u> | <u>6,544,188</u> |
| Operating Expenses: | | |
| Salaries | 1,689,615 | 1,621,242 |
| Employee Benefits & Payroll Taxes | 645,510 | 580,478 |
| Site Costs | 693,393 | 1,490,178 |
| Engineering and Professional Fees | 59,619 | 99,781 |
| General Insurance | 174,769 | 168,407 |
| Iowa Department of Natural Resources Tonnage Fees | 281,907 | 277,492 |
| Depreciation | 824,540 | 814,374 |
| Public Information and Education | 206,770 | 199,120 |
| Other | 1,209,529 | 1,053,737 |
| Total Operating Expenses | <u>5,785,652</u> | <u>6,304,809</u> |
| Operating Income | <u>456,611</u> | <u>239,379</u> |
| Non-operating Revenues (Expenses): | | |
| Interest Income | 43,318 | 47,509 |
| Interest Expense | (73,627) | (97,282) |
| Closure and Postclosure Care Costs | (40,880) | (40,677) |
| Other | 153,519 | 174,025 |
| Net Non-operating Revenue (Expense) | <u>82,330</u> | <u>83,575</u> |
| Change in Net Assets | <u>\$ 538,941</u> | <u>\$ 322,954</u> |

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2012

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the fiscal year.

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes lease payments and the purchase of capital assets. Cash used by investing activities includes purchase of certificates of deposits and interest income.

CAPITAL ASSETS

At June 30, 2012, the Commission had \$19,619,373 invested in capital assets, with accumulated depreciation of \$9,685,808. Depreciation charges totaled \$824,540 for fiscal 2012. More detailed information about the Commission's capital assets is presented in Note 11 to the financial statements.

LONG TERM DEBT

At June 30, 2012 the Commission had \$1,370,000 in debt outstanding, a decrease of \$558,792 from 2011. The table below summarizes outstanding debt by type:

| | June 30, | |
|-----------------------------|--------------|--------------|
| | 2012 | 2011 |
| Loans Payable - See Note 12 | \$ 0 | \$ 43,792 |
| Bonds Payable - See Note 8 | 1,370,000 | 1,885,000 |
| Total | \$ 1,370,000 | \$ 1,928,792 |

OTHER NON-CURRENT LIABILITY

As described in Note 7 to the financial statements, the Commission has estimated the total landfill closure and post-closure care costs of closing the landfill. These costs are recognized over the operating life of the landfill. The recognition of these annual costs increases the liability. The liability is decreased by any current expenditures, such as costs to close operating cells at the landfill, for closure costs. The balance of this liability increased by \$27,090 during fiscal 2012.

| | June 30 | |
|--|--------------|--------------|
| | 2012 | 2011 |
| Estimated Liability for Landfill Closure and Post-Closure Care | \$ 3,074,402 | \$ 3,047,312 |

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2012

ECONOMIC FACTORS

The Waste Commission of Scott County continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- ❑ Facilities require constant maintenance and upkeep.
- ❑ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ❑ Annual deposits required to be made to closure and post-closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- ❑ New rules may require additional monitoring.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S MANAGEMENT

This financial report is designed to provide our constituents with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Waste Commission of Scott County
11555 110th Avenue
Davenport, Iowa 52804

Or by E-Mail
mail@wastecom.com

**WASTE COMMISSION
OF SCOTT COUNTY**

BASIC FINANCIAL STATEMENTS

WASTE COMMISSION OF SCOTT COUNTY
Statement of Net Assets
June 30, 2012

| | Landfill Fund | Closure Fund | Post-Closure Fund | Recycling Fund | Hazardous Waste Fund | E-Waste Fund | Non-Major Funds | Total |
|---|---------------|--------------|-------------------|----------------|----------------------|--------------|-----------------|---------------|
| ASSETS | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| Cash | \$ 246,676 | 0 | 0 | 0 | 0 | 250 | 723,321 | \$ 970,247 |
| Accounts Receivable (Net of Allowance for Bad Debts of \$15,000) | 485,623 | 0 | 0 | 101,199 | 10,219 | 52,228 | 0 | 649,269 |
| Interest Receivable | 5,409 | 0 | 0 | 0 | 0 | 0 | 0 | 5,409 |
| Grants Receivable | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Prepaid Insurance | 10,178 | 0 | 0 | 0 | 0 | 0 | 0 | 10,178 |
| | 757,886 | 0 | 0 | 101,199 | 10,219 | 52,478 | 723,321 | 1,645,103 |
| PROPERTY AND EQUIPMENT - NON CURRENT: | | | | | | | | |
| Capital Assets | 12,119,248 | 0 | 0 | 4,752,102 | 404,171 | 2,339,956 | 3,896 | 19,619,373 |
| Less: Accumulated Depreciation | (5,905,801) | 0 | 0 | (2,514,859) | (187,295) | (1,077,853) | 0 | (9,685,808) |
| | 6,213,447 | 0 | 0 | 2,237,243 | 216,876 | 1,262,103 | 3,896 | 9,933,565 |
| OTHER ASSETS - NON CURRENT: | | | | | | | | |
| Prepaid Expenses to be Recovered in One Year or More | 2,568,072 | 0 | 0 | 0 | 0 | 0 | 0 | 2,568,072 |
| Website Development Costs (Net Amortization of \$15,234) | 19,935 | 0 | 0 | 0 | 0 | 0 | 0 | 19,935 |
| Certificates of Deposit Reserved for the Retirement of Debt | 0 | 0 | 0 | 0 | 0 | 0 | 615,000 | 615,000 |
| Cash and Certificates of Deposit Reserved for Closure and Post-Closure Cure | 0 | 1,262,504 | 2,008,499 | 0 | 0 | 0 | 0 | 3,271,003 |
| | 2,588,007 | 1,262,504 | 2,008,499 | 0 | 0 | 0 | 615,000 | 6,474,010 |
| TOTAL ASSETS | \$ 9,559,340 | \$ 1,262,504 | \$ 2,008,499 | \$ 2,338,442 | \$ 227,095 | \$ 1,314,581 | \$ 1,342,217 | \$ 18,052,678 |
| LIABILITIES | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | |
| Accounts Payable | \$ 25,530 | 0 | 0 | 63 | 502 | 0 | 0 | \$ 26,095 |
| Accrued Expenses | 226,723 | 0 | 0 | 38,208 | 10,655 | 21,264 | 0 | 296,850 |
| Accrued Solid Waste Fee | 78,360 | 0 | 0 | 0 | 0 | 0 | 0 | 78,360 |
| Current Portion of Bonds Due | 342,080 | 0 | 0 | 172,920 | 0 | 0 | 0 | 515,000 |
| | 672,693 | 0 | 0 | 211,191 | 11,157 | 21,264 | 0 | 916,305 |
| NON-CURRENT LIABILITY: | | | | | | | | |
| Estimated Liability for Landfill Closure and Post-Closure Care Costs | 3,074,402 | 0 | 0 | 0 | 0 | 0 | 0 | 3,074,402 |
| LONG-TERM DEBT - NON CURRENT: | | | | | | | | |
| Bonds Payable Net of Current Portion Above | 567,920 | 0 | 0 | 287,080 | 0 | 0 | 0 | 855,000 |
| | 4,315,015 | 0 | 0 | 498,271 | 11,157 | 21,264 | 0 | 4,845,707 |
| NET ASSETS: | | | | | | | | |
| Invested in Capital Assets - Net of Related Debt | 5,303,447 | 0 | 0 | 1,777,243 | 216,876 | 1,262,103 | 3,896 | 8,563,565 |
| Restricted for the Retirement of Debt | 0 | 0 | 0 | 0 | 0 | 0 | 615,000 | 615,000 |
| Restricted for Closure and Post-Closure Care | 0 | 1,262,504 | 2,008,499 | 0 | 0 | 0 | 0 | 3,271,003 |
| Unrestricted | (59,122) | 0 | 0 | 62,928 | (938) | 31,214 | 723,321 | 757,403 |
| TOTAL NET ASSETS | \$ 5,244,325 | \$ 1,262,504 | \$ 2,008,499 | \$ 1,840,171 | \$ 215,938 | \$ 1,293,317 | \$ 1,342,217 | \$ 13,206,971 |

See Notes to Financial Statements.

WASTE COMMISSION OF SCOTT COUNTY
Statement of Revenue, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

| | Landfill Fund | Closure Fund | Post-Closure Fund | Recycling Fund | Hazardous Waste Fund | E-Waste Fund | Non-Major Funds | Total |
|--|---------------------|--------------|-------------------|-------------------|----------------------|--------------------|-----------------|---------------------|
| OPERATING REVENUES - NET OF ALLOWANCES: | | | | | | | | |
| User Fees | \$ 4,411,260 | 0 | 0 | 114,653 | 115,263 | 225,898 | 0 | \$ 4,867,074 |
| Recycling Income | 40,285 | 0 | 0 | 1,019,146 | 49,617 | 266,141 | 0 | 1,375,189 |
| Total Revenues | 4,451,545 | 0 | 0 | 1,133,799 | 164,880 | 492,039 | 0 | 6,242,263 |
| COST OF OPERATIONS: | | | | | | | | |
| Wages and Salaries | 497,867 | 0 | 0 | 368,235 | 103,576 | 185,294 | 0 | 1,154,972 |
| Payroll Taxes | 42,988 | 0 | 0 | 11,990 | 7,695 | 13,740 | 0 | 76,413 |
| Employee's Insurance | 121,115 | 0 | 0 | 49,236 | 26,764 | 38,044 | 0 | 235,159 |
| IPERS | 38,064 | 0 | 0 | 12,596 | 8,295 | 12,468 | 0 | 71,423 |
| Deferred Compensation Contribution | 14,791 | 0 | 0 | 4,680 | 2,833 | 3,598 | 0 | 25,902 |
| General Insurance | 174,769 | 0 | 0 | 0 | 0 | 0 | 0 | 174,769 |
| Fuel, Oil and Antifreeze | 235,895 | 0 | 0 | 11,626 | 0 | 0 | 0 | 247,521 |
| Equipment Maintenance | 112,149 | 0 | 0 | 38,577 | 781 | 1,914 | 0 | 153,421 |
| Grounds Maintenance | 34,844 | 0 | 0 | 4,543 | 0 | 1,477 | 0 | 40,864 |
| Building Maintenance | 17,567 | 0 | 0 | 18,052 | 1,635 | 9,064 | 0 | 46,318 |
| Shop Supplies | 8,631 | 0 | 0 | 24,861 | 9,204 | 10,089 | 0 | 52,785 |
| Small Tools | 1,456 | 0 | 0 | 73 | 78 | 905 | 0 | 2,512 |
| Engineering | 29,285 | 0 | 0 | 0 | 0 | 0 | 0 | 29,285 |
| Health and Safety | 10,437 | 0 | 0 | 3,991 | 1,812 | 7,435 | 0 | 23,675 |
| Land Rent | 122,792 | 0 | 0 | 0 | 0 | 0 | 0 | 122,792 |
| Depreciation | 485,502 | 0 | 0 | 186,279 | 11,754 | 141,005 | 0 | 824,540 |
| Miscellaneous Site Costs | 693,393 | 0 | 0 | 0 | 0 | 0 | 0 | 693,393 |
| Recycling Expenses | 103,716 | 0 | 0 | 0 | 76,656 | 90,337 | 0 | 270,709 |
| Solid Waste Fee | 281,907 | 0 | 0 | 0 | 0 | 0 | 0 | 281,907 |
| Total Cost of Operations | 3,027,168 | 0 | 0 | 734,739 | 251,083 | 515,370 | 0 | 4,528,360 |
| GROSS PROFIT (LOSS) | \$ 1,424,377 | \$ 0 | \$ 0 | \$ 399,060 | \$ (86,203) | \$ (23,331) | \$ 0 | \$ 1,713,903 |

WASTE COMMISSION OF SCOTT COUNTY

Statement of Revenue, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

| | Landfill Fund | Closure Fund | Post-Closure Fund | Recycling Fund | Hazardous Waste Fund | E-Waste Fund | Non-Major Funds | Total |
|--|------------------|------------------|-------------------|------------------|----------------------|------------------|------------------|-------------------|
| GROSS PROFIT (LOSS) | \$ 1,424,377 | \$ 0 | \$ 0 | \$ 399,060 | \$ (86,203) | \$ (23,331) | \$ 0 | \$ 1,713,903 |
| ADMINISTRATIVE EXPENSES: | | | | | | | | |
| Director Salary | 83,008 | 0 | 0 | 16,623 | 5,541 | 5,541 | 0 | 110,713 |
| Administrative Salaries | 342,656 | 0 | 0 | 39,128 | (9) | 42,155 | 0 | 423,930 |
| Payroll Taxes | 32,956 | 0 | 0 | 4,558 | 422 | 3,494 | 0 | 41,430 |
| IPERS | 34,765 | 0 | 0 | 4,808 | 445 | 3,686 | 0 | 43,704 |
| Deferred Compensation Contribution | 12,924 | 0 | 0 | 1,787 | 166 | 1,370 | 0 | 16,247 |
| Employees' Insurance | 107,522 | 0 | 0 | 8,666 | 1,708 | 17,336 | 0 | 135,232 |
| Utilities | 57,229 | 0 | 0 | 31,447 | 0 | 11,938 | 0 | 100,614 |
| Professional Services | 30,334 | 0 | 0 | 0 | 0 | 0 | 0 | 30,334 |
| Office Supplies | 32,687 | 0 | 0 | (501) | 0 | 1,719 | 0 | 33,905 |
| Office Equipment Maintenance | 43,443 | 0 | 0 | 650 | 0 | 0 | 0 | 44,093 |
| Public Information and Education | 206,770 | 0 | 0 | 0 | 0 | 0 | 0 | 206,770 |
| Contract Services | 100 | 0 | 0 | 5,000 | 0 | 0 | 0 | 5,100 |
| Bad Debts (Recoveries) | (16) | 0 | 0 | 0 | 0 | 0 | 0 | (16) |
| Travel and Training | 34,419 | 0 | 0 | 0 | 0 | 0 | 0 | 34,419 |
| Dues and Subscriptions | 5,532 | 0 | 0 | 234 | 0 | 0 | 0 | 5,766 |
| Bank Charges | 4,101 | 0 | 0 | 0 | 0 | 0 | 0 | 4,101 |
| Miscellaneous | 1,598 | 0 | 0 | 0 | 0 | 0 | 0 | 1,598 |
| Total Administrative Expenses | 1,030,028 | 0 | 0 | 112,400 | 8,273 | 87,239 | 19,352 | 1,257,292 |
| OPERATING INCOME (LOSS) | 394,349 | 0 | 0 | 286,660 | (94,476) | (110,570) | (19,352) | 456,611 |
| NON OPERATING REVENUE (EXPENSES): | | | | | | | | |
| Interest Income | 43,286 | 0 | 0 | 0 | 0 | 0 | 32 | 43,318 |
| Grant Income | 10,541 | 0 | 0 | 85,200 | 0 | 0 | 0 | 95,741 |
| Grant Expense | (9,593) | 0 | 0 | 0 | 0 | 0 | 0 | (9,593) |
| Gas System Income | 47,657 | 0 | 0 | 0 | 0 | 0 | 0 | 47,657 |
| Interest Expense | (47,900) | 0 | 0 | (24,519) | 0 | (1,208) | 0 | (73,627) |
| Host Community Benefit | (71,424) | 0 | 0 | 0 | 0 | 0 | 0 | (71,424) |
| Closure Rent | (40,880) | 0 | 0 | 0 | 0 | 0 | 0 | (40,880) |
| State Reimbursements | 0 | 0 | 0 | 0 | 73,198 | 0 | 0 | 73,198 |
| Miscellaneous Income | 0 | 0 | 0 | 0 | 0 | 0 | 17,940 | 17,940 |
| Net Other Income (Expenses) | (68,313) | 0 | 0 | 60,681 | 73,198 | (1,208) | 17,972 | 82,330 |
| NET INCOME (LOSS) | 326,036 | 0 | 0 | 347,341 | (21,278) | (111,778) | (1,380) | 538,941 |
| NET TRANSFERS IN (OUT) | 438,754 | 129,377 | 0 | (394,651) | 10,679 | 10,114 | (194,273) | 0 |
| NET ADJUSTMENTS TO NET ASSETS | 764,790 | 129,377 | 0 | (47,310) | (10,599) | (101,664) | (195,653) | 538,941 |
| NET ASSETS - Beginning | 4,479,535 | 1,133,127 | 2,008,499 | 1,887,481 | 226,537 | 1,394,981 | 1,537,870 | 12,668,030 |

See Notes to Financial Statements.

WASTE COMMISSION OF SCOTT COUNTY

Statement of Revenue, Expenses and Changes in Net Assets

For the Year Ended June 30, 2012

| | Landfill Fund | Closure Fund | Post-Closure Fund | Recycling Fund | Hazardous Waste Fund | E-Waste Fund | Non-Major Funds | Total |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| GROSS PROFIT (LOSS) | \$ 1,424,377 | \$ 0 | \$ 0 | \$ 399,060 | \$ (86,203) | \$ (23,331) | \$ 0 | \$ 1,713,903 |
| ADMINISTRATIVE EXPENSES: | | | | | | | | |
| Director Salary | 83,008 | 0 | 0 | 16,623 | 5,541 | 5,541 | 0 | 110,713 |
| Administrative Salaries | 342,656 | 0 | 0 | 39,128 | (9) | 42,155 | 0 | 423,930 |
| Payroll Taxes | 32,956 | 0 | 0 | 4,558 | 422 | 3,494 | 0 | 41,430 |
| IPERS | 34,765 | 0 | 0 | 4,808 | 445 | 3,686 | 0 | 43,704 |
| Deferred Compensation Contribution | 12,924 | 0 | 0 | 1,787 | 166 | 1,370 | 0 | 16,247 |
| Employees' Insurance | 107,522 | 0 | 0 | 8,666 | 1,708 | 17,336 | 0 | 135,232 |
| Utilities | 57,229 | 0 | 0 | 31,447 | 0 | 11,938 | 0 | 100,614 |
| Professional Services | 30,334 | 0 | 0 | 0 | 0 | 0 | 0 | 30,334 |
| Office Supplies | 32,687 | 0 | 0 | (501) | 0 | 1,719 | 0 | 33,905 |
| Office Equipment Maintenance | 43,443 | 0 | 0 | 650 | 0 | 0 | 0 | 44,093 |
| Public Information and Education | 206,770 | 0 | 0 | 0 | 0 | 0 | 0 | 206,770 |
| Contract Services | 100 | 0 | 0 | 5,000 | 0 | 0 | 0 | 5,100 |
| Bad Debts (Recoveries) | (16) | 0 | 0 | 0 | 0 | 0 | 0 | (16) |
| Travel and Training | 34,419 | 0 | 0 | 0 | 0 | 0 | 0 | 34,419 |
| Dues and Subscriptions | 5,532 | 0 | 0 | 234 | 0 | 0 | 0 | 5,766 |
| Bank Charges | 4,101 | 0 | 0 | 0 | 0 | 0 | 0 | 4,101 |
| Miscellaneous | 1,598 | 0 | 0 | 0 | 0 | 0 | 19,352 | 20,950 |
| Total Administrative Expenses | 1,030,028 | 0 | 0 | 112,400 | 8,273 | 87,239 | 19,352 | 1,257,292 |
| OPERATING INCOME (LOSS) | 394,349 | 0 | 0 | 286,660 | (94,476) | (110,570) | (19,352) | 456,611 |
| NON OPERATING REVENUE (EXPENSES): | | | | | | | | |
| Interest Income | 43,286 | 0 | 0 | 0 | 0 | 0 | 32 | 43,318 |
| Grant Income | 10,541 | 0 | 0 | 85,200 | 0 | 0 | 0 | 95,741 |
| Grant Expense | (9,593) | 0 | 0 | 0 | 0 | 0 | 0 | (9,593) |
| Gas System Income | 47,657 | 0 | 0 | 0 | 0 | 0 | 0 | 47,657 |
| Interest Expense | (47,900) | 0 | 0 | (24,519) | 0 | (1,208) | 0 | (73,627) |
| Host Community Benefit | (71,424) | 0 | 0 | 0 | 0 | 0 | 0 | (71,424) |
| Closure Rent | (40,880) | 0 | 0 | 0 | 0 | 0 | 0 | (40,880) |
| State Reimbursements | 0 | 0 | 0 | 0 | 73,198 | 0 | 0 | 73,198 |
| Miscellaneous Income | 0 | 0 | 0 | 0 | 0 | 0 | 17,940 | 17,940 |
| Net Other Income (Expenses) | (68,313) | 0 | 0 | 60,681 | 73,198 | (1,208) | 17,972 | 82,330 |
| NET INCOME (LOSS) | 326,036 | 0 | 0 | 347,341 | (21,278) | (111,778) | (1,380) | 538,941 |
| NET TRANSFERS IN (OUT) | 438,754 | 129,377 | 0 | (394,651) | 10,679 | 10,114 | (194,273) | 0 |
| NET ADJUSTMENTS TO NET ASSETS | 764,790 | 129,377 | 0 | (47,310) | (10,599) | (101,664) | (195,653) | 538,941 |
| NET ASSETS - Beginning | 4,479,535 | 1,133,127 | 2,008,499 | 1,887,481 | 226,537 | 1,394,981 | 1,537,870 | 12,668,030 |
| NET ASSETS - Ending | \$ 5,244,325 | \$ 1,262,504 | \$ 2,008,499 | \$ 1,840,171 | \$ 215,938 | \$ 1,293,317 | \$ 1,342,217 | \$ 13,206,971 |

See Notes to Financial Statements.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Commission accounts for its financial position and results of operations in accordance with generally accepted accounting principles established by the Government Accounting Standards Board. The Commission's funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable and expenses are recognized or recorded when they are incurred, if measurable.

The accounts of the Commission are organized as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

b. Reporting Entity:

The Waste Commission of Scott County provides waste disposal for all communities and rural areas of Scott County. The Commission was formed as the Scott County Sanitary Landfill Commission in 1971 under a 28E agreement, which was amended and renamed in 1990 and 2000. The Commission consists of the Chairman of the Scott County Board of Supervisors, the Mayor of Davenport, the Mayor of Bettendorf, one Alderman from the City of Davenport, and one or two mayors from smaller communities selected by a caucus of representatives of these communities.

All significant activities and organizations on which the Commission exercises oversight responsibility have been included in the Commission's general purpose financial statements, for the year ended June 30, 2012. The Commission has also considered all potential

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Reporting Entity (Continued):

component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Waste Commission of Scott County has one component unit, which meets the Governmental Accounting Standards Board criteria.

The Commission is designed to manage the waste disposal stream of Scott County, Iowa. These management activities include, but are not limited to the operation of a local landfill, operation of recycling facilities, operation of household hazardous waste facility, planning, and educating the County's residents in waste management.

The Commission receives no City or County subsidy, but operates strictly from gate fee and recycling revenues.

Keep Scott County Beautiful, the Commission's only component unit, was established to educate the citizens of Scott County about proper waste management and to promote recycling in the area. The entity's activities, for the fiscal year is included in the non-major funds.

c. Measurement Focus:

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In reporting the financial activity of its enterprise fund, the Commission applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Fund Financial Statements:

Separate financial statements are provided for major individual funds. These are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as Non-Major Funds.

The Commission reports the following major funds:

1. The Landfill Fund is the general operating fund of the Landfill. All Landfill revenues and operating expenses are run through this fund. All of the general operating expenses, fixed costs and capital improvements related to the Landfill and not paid from other funds are included in this operating fund.
2. The Closure Fund is used to segregate investments restricted for the eventual closure of the Landfill and to record the estimate of the liability for closure care as of the fiscal year end.
3. The Post-Closure Fund is used to segregate investments restricted for use in monitoring the Landfill after it is closed and to record the estimate of the liability for post-closure care as of the fiscal year end.
4. The Recycling Fund is the general operating fund of the Material Recycling Facility. All of the revenues and expenses of the Recycling Facility are accounted for in this fund. All of the general operating expenses, fixed costs, and capital improvements related to the Material Recycling Facility and not paid from other funds are included in this fund.
5. The Hazardous Waste Fund is the general operating fund of the Household Hazardous Waste Facility. All of the revenues and expenses of the Household Hazardous Waste Facility are accounted for in this fund. All of the general operating expenses, fixed costs, and capital improvements related to the Household Hazardous Waste Facility are accounted for in this fund. All of the general operating expenses, fixed costs, and capital improvements related to the Household Hazardous Waste Facility and not paid from other funds are included in this fund.
6. The E-Waste Fund is the general operating fund of the Electronic Demanufacturing Facility. All of the revenues and expenses of the Electronic Demanufacturing Facility are accounted for in this fund. All general operating expenses, fixed costs, and capital improvements related to the Electronic Demanufacturing Facility and not paid from other funds are included in this fund.
7. All other funds of the Commission and the Component Unit are included with the Non-Major Funds.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Investments:

Investments are recorded at cost, which is the same as market. They consist of Certificates of Deposit.

f. Property and Equipment:

Property and equipment are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|------------------------|-------------|
| Land Improvements | 10-25 Years |
| Buildings | 15-40 Years |
| Furniture and Fixtures | 05-06 Years |
| Equipment | 05-15 Years |

Depreciation of all exhaustible fixed assets is charged as an expense against operations.

The cost of assets sold, retired, or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

g. Accounts Receivable:

Waste Commission of Scott County uses the percent of sales method for recording bad debts. The bad debts allowance at June 30, 2012 and 2011 was \$15,000.

h. Income Taxes:

The Commission is a division of local government; therefore, it is exempt from all income taxes.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Statement of Cash Flows:

For purposes of reporting cash flows all Certificate of Deposits are considered to be investments. None of them are treated as cash equivalents regardless of maturity date.

The net increase in cash is derived from the change in Cash on Hand and Cash in Bank.

The total cash disbursed for interest in years ended June 30, 2012 and 2011 respectively was \$71,777 and \$97,282

j. Budgets and Budgetary Accounting:

The Commission annually adopts a budget for all funds. The annual budget may be amended during the year by obtaining approval from the Commission as a whole.

k. Restricted Assets:

Funds set aside for payment of certain obligations are reserved. Funds currently reserved are to pay closure and post-closure costs, for solid waste purposes as outlined in note 5, and as security for the bond issue as required by the agreement.

l. Compensated Absences:

Commission employees accumulate earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Commission changed the policy for accumulated vacation hours as of July 1, 2007. Employees will not be allowed to carry over more than 400 hours of vacation from one year to the next. Employees who have accumulated more than 400 hours of vacation as of July 1, 2007 have until June 30, 2012 to come into compliance with the new policy.

Commission employees also accumulate a limited amount of earned but unused sick hours for subsequent use or for payment upon retirement or death. The amount of accumulated sick hours that will be paid to any employee upon retirement or death is based on a formula and is limited to a maximum of 480 hours.

The Commission's liability for accumulated vacation and sick pay has been computed based on rates of pay in effect at June 30, 2012.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 2 - CASH AND INVESTMENTS:

Cash and investments are stated at cost.

The Commission's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Commission's deposits in credit unions at June 30, 2012 are collateralized with securities held in the Commission's name in accordance with Chapter 12C of the Code of Iowa.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

NOTE 3 - SITE COSTS:

Site costs represent the cost of preparing the landfill for use, and include all applicable costs in moving the dirt. The estimate of value is based upon available landfill space at its excavation cost and upon management observations and computations. As the landfill is filled and the available cubic yards decrease, these costs will be charged against operations.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2012

NOTE 4 - LAND RENTAL:

The Commission conducts its operations from facilities located on a 585 acre site that is leased from Linwood Mining and Minerals Corp. The lease covers active landfilling and monitors closure of the landfill premises. It is expected that active landfilling will continue for 45 years, and closure monitoring will be done for the current Federal mandate of 30 years. Rent shall be paid annually in arrears, in one installment due 30 days following the anniversary date of when the Commission began actively filling the site.

Rent is calculated at \$1.10 per ton of solid waste deposited in the new landfill. On the second anniversary date of this agreement and on each anniversary date thereafter, the rate per ton collected shall increase by the same percentage that tipping fees, exclusive of any solid waste fees, charged to customers of the Commission increase.

Rent during closure will be \$30,000 per year, increased by a percentage based on the increase in rates during operations.

The Commission has also entered into a Landfill Closure lease for their old site with an annual rent of \$30,000, adjusted annually to the Consumer Price Index. This Closure lease has the option of extension if required by the Department of Natural Resources. The Commission is currently managing the facility under the closure lease.

Estimated Future Rent Expense

| | |
|-------------|-----------|
| FYE 6/30/13 | \$176,000 |
| FYE 6/30/14 | \$176,000 |
| FYE 6/30/15 | \$176,000 |
| FYE 6/30/16 | \$176,000 |
| FYE 6/30/17 | \$176,000 |

NOTE 5 - SOLID WASTE FEE:

The Commission pays a fee to the State of Iowa quarterly based on solid waste deposited at the landfill. The solid waste fee is \$3.65 per ton. The Commission retains \$1.55 of this fee and the balance is remitted to the Department of Natural Resources on a quarterly basis. As of June 30, 2012 the account balances were:

| | |
|----------------------|------------|
| Payable to the State | \$ 78,360 |
| Expense for the Year | \$ 281,907 |

The Commission has established an account for restricting and using those portions of solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 6 - PENSION AND RETIREMENT BENEFITS:

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the Commission is required to contribute 8.07% of annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$115,127, \$94,575 and \$83,402, respectively, equal to the required contributions for each year.

The Commission has also established a Section 457 deferred compensation plan for employees. The Commission contributes 1% of full-time employees' gross pay and matches an additional 2%. The amounts in the plan are immediately vested. The Commission's contribution to the deferred compensation plan for the years ended June 30, 2012 and 2011 was \$42,149 and \$37,332, respectively.

NOTE 7 - CLOSURE AND POST-CLOSURE CARE COSTS:

To comply with Federal and State regulations, the Commission is required to complete a monitoring system plan and a closure/post-closure plan and to provide funding necessary to effect closure and post-closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post-closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post-closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18, requires landfill owners to estimate total landfill closure and post-closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in post-closure monitoring and care; (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post-closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2012

Note 7 - CLOSURE AND POST-CLOSURE CARE COSTS- (CONTINUED):

These costs for the Commission have been estimated at \$374,886 for post-closure costs for the Scott County Landfill and \$2,132,097 and \$1,629,880 for closure and post-closure care, respectively, for Cells 1-7 at the Scott Area Landfill as of June 30, 2012, and the portion of the liability that has been recognized is \$3,074,402. This liability represents the cumulative amount reported to date based on the post-closure care costs for the Scott County Landfill and the use of approximately 60% of the capacity of Cells 1-7 at the Scott Area Landfill. Actual costs may be higher due to future inflation, changes in technology, or changes in regulations. A provision for the above liability has been made on the Commission's balance sheet as of June 30, 2012.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post-closure care accounts to accumulate resources for the payment of closure and post-closure care costs. The Commission has begun accumulating resources to fund these costs, and, at June 30, 2012 assets of \$3,271,003 are restricted for these purposes, of which \$1,262,504 is for closure and \$2,008,499 is for post-closure care. They are reported as restricted investments and restricted net assets on the Statement of Net Assets.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and post-closure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the funds are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP=next payment

CE=total required financial assurance

CB=current balance of the fund

Y=number years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Commission to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and post-closure care account requirements. Accordingly, the Commission is not required to establish closure and post-closure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2011

NOTE 8 - BONDS PAYABLE:

Revenue bonds were issued by the Commission to finance the creation of a new landfill site and recycling facility. The bonds are payable solely from the income of the operation of the landfill and recycling facility.

The Commission and Scott County have entered into an agreement which provides that the County will issue its General Obligation Solid Waste Disposal Bonds to pay the cost of acquiring, constructing, and equipping works and facilities useful for the collection, treatment, and disposal of solid waste, that the Commission will make annual payments to the County in amounts sufficient to pay the debt service on the County Bonds and the Commission will issue its Solid Waste Disposal Revenue Bond in an amount not exceeding the amount of the County Bonds to evidence its obligation under the agreement.

During the fiscal year ended June 30, 2007 the County initiated a refinancing of these bonds to effect a substantial interest savings. The new bonds will be paid on the following schedule.

Annual debt service requirements to maturity for the bonds are as follows:

| Year Ending June 30 | Interest Rate | Principal | Interest | Total |
|------------------------|------------------|---------------------|------------------|---------------------|
| 2013 | 3.750 | \$ 535,000 | \$ 51,515 | \$ 586,515 |
| 2014 | 3.750 | 555,000 | 31,452 | 586,452 |
| 2015 | 3.800 | 280,000 | 10,640 | 290,640 |
| TOTAL | | <u>\$ 1,370,000</u> | <u>\$ 93,607</u> | <u>\$ 1,463,607</u> |

NOTE 9 - RISK MANAGEMENT:

The Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Commission assumes liability for any deductibles and claims in excess of coverage limitations.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 10 - NON CASH ACTIVITY:

The Commission entered into a joint venture with the City of Davenport to construct and operate a composting facility for the disposal and recycling of yard wastes. Since the facility is operated on City property, owned by the City and run in conjunction with City facilities, all assets have been turned over to the City.

The Agreement with the City calls for them to continue to take yard waste from the County for deposit into the composting site. The Commission also has retained the authority to review, evaluate, and approve all rates charged to county members. But the Commission retains no effective control over the facility; consequently its operating results are not included in these statements.

NOTE 11 – CAPITAL ASSETS:

A summary of capital assets at June 30, 2012 is as follows:

| | Balance Beginning of Year | Increase | Decrease | End of Year |
|---|---------------------------------|-------------------|-------------|---------------------|
| Capital assets not being depreciated \$ | 793,942 | \$ 0 | \$ 0 | \$ 793,942 |
| Vehicles and Equipment | 12,174,993 | 555,090 | 0 | 12,730,083 |
| Buildings | 5,429,515 | 665,833 | 0 | 6,095,348 |
| Total capital assets | 18,398,450 | 1,220,923 | 0 | 19,619,373 |
| Less accumulated depreciation | (8,867,706) | (818,102) | 0 | (9,685,808) |
| Total capital assets, net | <u>\$ 9,530,744</u> | <u>\$ 402,821</u> | <u>\$ 0</u> | <u>\$ 9,933,565</u> |

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2012

NOTE 12 – NOTES PAYABLE:

Notes Payable as of June 30, 2012, consists of the following:

In Fiscal 2005 the Commission entered into contract number 05-G550-01 with the Iowa Department of Natural Resources to build an E-Waste Recycling Center. Part of this contract was a \$425,000 loan at 0% interest. The Commission makes quarterly payments of \$15,000. The Commission has imputed interest on this loan at 5.49%. As of June 30, 2012 this loan has been fully repaid.

NOTE 13 – CONCENTRATION OF CREDIT RISK:

The Waste Commission of Scott County collects waste and recyclable materials. Most of these collections are done in Scott County, Iowa. Their receivables are from customers located in the Quad Cities and from home offices located outside the area.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Commission operates a Single-Employer Benefit Plan which provides medical benefits for employees and their spouses. The benefits are provided through a fully insured plan. Retirees and other separated employees are allowed to stay on the plan for the remainder of the month after separation from service. After this time employees can remain on the plan by paying 100% of their premium for the time allowed by COBRA. Benefits are currently funded on a pay as you go basis.

**WASTE COMMISSION
OF SCOTT COUNTY**

SUPPLEMENTAL INFORMATION

WASTE COMMISSION OF SCOTT COUNTY
Statement of Indebtedness
For the Year Ended June 30, 2012

Schedule 1

GENERAL OBLIGATION BONDS

| Date of Issuance | Interest Rates | Amount Originally Issued | Balance Beginning of Year | Issued During Year | Redeemed During Year | Balance End of Year | Interest Paid | Interest Due and Unpaid |
|------------------|----------------|--------------------------|---------------------------|--------------------|----------------------|---------------------|---------------|-------------------------|
| 02/17/07 | 3.6% to 3.8% | \$ 4,065,000 | \$ 1,885,000 | \$ 0 | \$ 515,000 | \$ 1,370,000 | \$ 70,570 | \$ 4,293 |

Waste Commission of Scott County
 Combining Schedule of Non-Major Funds
 June 30, 2012

Schedule 2

| | Recycling Equipment Fund | Cell Construction | Keep Scott County Beautiful | Debt Reserve Fund | Landfill Equipment Fund | E-Waste Equipment Fund | Total |
|--|--------------------------------|----------------------|-----------------------------------|-------------------------|-------------------------------|------------------------------|--------------|
| ASSETS: | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash | \$ 141,551 | \$ 221,933 | \$ 12,924 | \$ 0 | \$ 320,707 | \$ 26,206 | \$ 723,321 |
| Investments | | | | | | | 0 |
| Total Current Assets | 141,551 | 221,933 | 12,924 | 0 | 320,707 | 26,206 | 723,321 |
| PROPERTY AND EQUIPMENT - NON CURRENT: | | | | | | | |
| Capital Assets | 0 | 3,896 | 0 | 0 | 0 | 0 | 3,896 |
| OTHER ASSETS - NON-CURRENT: | | | | | | | |
| Restricted Investments | 0 | 0 | 0 | 615,000 | 0 | 0 | 615,000 |
| Total Assets | 141,551 | 225,829 | 12,924 | 615,000 | 320,707 | 26,206 | 1,342,217 |
| NET ASSETS: | | | | | | | |
| Restricted | 0 | 0 | 0 | 615,000 | 0 | 0 | 615,000 |
| Unrestricted | 141,551 | 225,829 | 12,924 | 0 | 320,707 | 26,206 | 727,217 |
| TOTAL NET ASSETS | \$ 141,551 | \$ 225,829 | \$ 12,924 | \$ 615,000 | \$ 320,707 | \$ 26,206 | \$ 1,342,217 |
| COST OF OPERATIONS: | | | | | | | |
| Other Expenses | \$ 0 | \$ 0 | \$ 19,352 | \$ 0 | \$ 0 | \$ 0 | \$ 19,352 |
| NONOPERATING REVENUE (EXPENSES): | | | | | | | |
| Interest Income | 0 | 0 | 32 | 0 | 0 | 0 | 32 |
| Other Income | 0 | 0 | 17,940 | 0 | 0 | 0 | 17,940 |
| NET INCOME | \$ 0 | \$ 0 | \$ 17,972 | \$ 0 | \$ 0 | \$ 0 | \$ 17,972 |
| | \$ 0 | \$ 0 | \$ (1,380) | \$ 0 | \$ 0 | \$ 0 | \$ (1,380) |

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Randy L. Linn, CPA
David A. Schebler, CPA
Randall B. Sovey, CPA

HUCKFELDT & SMITH

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIABILITY COMPANY

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Officers and Members of the
Waste Commission of Scott County

We have audited the accompanying financial statements of Waste Commission of Scott County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the Waste Commission of Scott County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Waste Commission of Scott County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waste Commission of Scott County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Waste Commission of Scott County's internal control over financial reporting.

In planning and performing our audit, we considered Waste Commission of Scott County's internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Waste Commission of Scott County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Waste Commission of Scott County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Waste Commission of Scott County's financial statements will not be prevented or detected and corrected on a timely basis. We did not discover any deficiencies in internal control over financial reporting.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not discover any significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waste Commission of Scott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Waste Commission of Scott County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit Waste Commission of Scott County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of Waste Commission of Scott County and other parties to whom the Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Waste Commission of Scott County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



HUCKFELDT & SMITH, P.L.C.
October 15, 2012

**WASTE COMMISSION
OF SCOTT COUNTY
SCHEDULE OF FINDINGS**

WASTE COMMISSION OF SCOTT COUNTY

Schedule of Findings
Year Ended June 30, 2012

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

None noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Statutory Reporting:

1. Questionable Expenses – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
2. Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
3. Board Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
4. Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C or the Code of Iowa were noted.
5. Solid Waste Tonnage Fees Retained – During the year ended June 30, 2012, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.

WASTE COMMISSION OF SCOTT COUNTY
Schedule of Findings
Year Ended June 30, 2012

6. Financial Assurance - The Commission has demonstrated financial assurance for closure and post-closure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

| | Old Scott County Landfill | Cell 1,2,3 | Cell 4 | Cell 5 | Cell 6 | Cell 7 |
|---|---------------------------------|---------------------|-------------------|-------------------|-------------------|------------------|
| Total estimated costs for closure and post-closure care | \$ 274,886 | \$ 1,137,232 | \$ 513,326 | \$ 629,551 | \$ 726,405 | \$ 755,462 |
| Less: Balance of funds held in the local dedicated fund at June 30, 2011 | (274,886) | (1,137,232) | (513,326) | (629,551) | (586,630) | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>139,775</u> | <u>755,462</u> |
| Divided by the number of years in the pay-in period | | | | 1 | 4 | 8 |
| Required payment into the local dedicated fund at June 30, 2012 | | | | 0 | 34,944 | 94,433 |
| Balance of funds held in the local dedicated fund at June 30, 2011 | <u>274,886</u> | <u>1,137,232</u> | <u>513,326</u> | <u>629,551</u> | <u>586,630</u> | <u>0</u> |
| Required balance of funds to be held in the local dedicated fund at June 30, 2012 | <u>274,886</u> | <u>1,137,232</u> | <u>513,326</u> | <u>629,551</u> | <u>621,574</u> | <u>94,433</u> |
| Amount Commission has restricted for closure and post-closure care at June 30, 2012 | <u>\$ 274,886</u> | <u>\$ 1,137,232</u> | <u>\$ 513,326</u> | <u>\$ 629,551</u> | <u>\$ 621,574</u> | <u>\$ 94,433</u> |